

**MINUTES**  
**STATE BOND COMMITTEE**  
**October 14, 2004**

A meeting of the State Bond Committee was held at 9:03 a.m. on October 14, 2004 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present were:

Greg Winegar, Director of Division of Investments, Department of  
Commerce, Community & Economic Development  
Ray Matiashowski, Commissioner, Department of Administration  
Tom Boutin, Deputy Commissioner, Department of Revenue

Present telephonically were:

Chester Johnson, Chairman, Government Finance Associates  
Freda Johnson, President, Government Finance Associates  
Cynthia Weed, Partner, Preston Gates & Ellis  
Mike Lewis, Environmental Engineer, Department of  
Environmental Conservation

Also present in Juneau were:

Deven Mitchell, Debt Manager, Department of Revenue

**I. Call to Order**

Mr. Winegar called the meeting to order at 9:03 a.m. AST.

**II. Roll Call**

Mr. Mitchell took roll call. Mr. Matiashowski, Mr. Boutin and Mr. Winegar were present.

**III. Public Meeting Notice**

A copy of the Advertising Order and Affidavit of Publication concerning the date, location, and purpose of the meeting were reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice and the Anchorage Daily News.

**IV. Approval of Agenda**

Mr. Mitchell requested that the agenda be amended to add a new item C titled, Certificate of Participation Refunding Analysis and moving the Debt Manager's Report to item D. The amended agenda was adopted without objection.

**V. Minutes of Meeting of February 10, 2004 Meeting**

The minutes were approved without objection.

**VI. Public Comment**

Mr. Winegar asked for public participation and comment. There was none.

**VII. New Business**

*Resolution 2004-02*

Mr. Mitchell introduced the resolution allocating the Private Activity Bond Volume Limit of the State of Alaska and the Qualified Public Educational Facilities for calendar year 2004. The volume cap for calendar year 2004 is \$233,795,000. Both the Alaska Student Loan Corporation (ASLC) and the Alaska Housing Finance Corporation have requested 2004 allocation. ASLC staff indicated that an allocation of \$160 million would be ideal as they have used prior year authority and this would meet their need in 2005 and 2006. AHFC staff indicated that they have a significant balance of carryforward from 2002 and 2003, but still requested up to the entire 2004 allocation. The Alaska Industrial and Export Authority staff indicated that they had no need to request an allocation of 2004 cap. Finally, there have been no municipal requests for 2004 cap. Following discussion with both AHFC and ASLC staff and based on the requests and apparent need, the resolution before the committee allocates \$120 million of 2004 private activity cap to ASLC and \$113,795,500 of 2004 private activity cap to AHFC. The resolution also allocates the state's allocation of \$5 million of Qualified Educational Facilities Authorization to the Alaska Industrial Development and Export Authority. Mr. Boutin moved SBC Resolution 2004-02, and Mr. Matiashowski seconded the motion. Mr. Mitchell called the roll and it passed unanimously.

*Resolution 2004-03*

Mr. Mitchell explained the resolution provides for the issuance of State of Alaska Clean Water Fund Revenue Bond Anticipation Note, 2004 Series A and of Drinking Water Fund Revenue Bond Anticipation Note, 2004 Series B. Mr. Mitchell said this is the fourth time these bond anticipation notes will have been issued to fund the State revolving funds State match requirement for additional federal contributions from investment earnings of the funds. The EPA allows earnings on the revolving funds to be used to pay debt service of the funds, and debt can be issued to provide state match funding. He said KeyBank would be funding the transactions under the same terms as 2003 with fees of just over

\$1,000. He said the Clean Water Fund requires \$1,582,380 with the bond anticipation note maximum of \$1,595,000 for this year's transaction and the Drinking Water Fund needs \$1,020,000 with the bond anticipation note maximum of \$1,030,000. Mr. Boutin moved State Bond Committee Resolution 2004-03, and Mr. Matiasowski seconded. Mr. Mitchell took the roll and the motion was approved as presented unanimously.

#### **VIII. Debt Manager's Report**

Mr. Mitchell reported on the following items not covered in the February 10, 2004 agenda:

1. Senate Bill 65 was passed in the 2<sup>nd</sup> session of the 23<sup>rd</sup> legislature and authorizes the issuance of a large amount of state supported debt for prison and jail construction in Alaska. The passage of the bill initiated concern that it could be a potential catalyst for negative credit action. While the bill was ultimately signed into law by the Governor, the Department's concerns were met by the pledge to restrict any debt issuance under the authorization until a balanced budget can be projected.
2. On August 31, 2004 state representatives met with analysts from the three rating agencies. A presentation on the state's current financial position and projected short term revenue and expenditure expectations was given and Moody's was asked to remove the negative outlook from the state's credit rating.
3. On November 1, 2004 the thirteenth Master Lease program financing will close. The Department of Administration is financing Websense software. This is the third lease entered into during calendar year 2004.
4. In September the debt service required in state fiscal year 2006 for the State's general obligation bonds, Certificates of Participation, and revenue bonds was transmitted to the Office of Management and Budget.
5. On September 30, 2004 the attached 8038-R was filed with the Internal Revenue Service to request a refund of a rebate reduction payment made on September 18, 2002. The total refund amount is \$15,404.24.
6. To date I've received inquiries from three state departments about the possibility of obtaining authorization to issue Certificates of Participation in the coming legislative session.
7. On December 31, 2004 the Contract with Government Finance Associates expires. I've initiated paperwork to exercise the one year renewal option.

**IX. Committee Members Comments**

There were none.

**X. Scheduling of Next Meeting**

The next meeting will be at the call of the Chair.

**XI. Adjournment**

There being no further business, without objection the meeting was adjourned at 9:36 a.m.

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Edgar Blatchford, Commissioner  
Department of Commerce, Community, and Economic  
Development  
Chairman

ATTEST:

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William Corbus, Commissioner  
Department of Revenue  
Secretary